

20 November 1957

ATTN : Chief, St/I/R
THRU : Chief, D/S
Chief, S/TF

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Additional Requirements for Source

In response to your request for further specific questions for source of [REDACTED] is forwarding the following requirements:

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1. Can source expand on statement that "when there is a flurry of transfer, the thing to look for is a sale of Russian gold?" Is the market for transferable sterling so thin that, for example, a Russian sale of \$10,000,000 or less could be detected? If so, what would be recommended as the best way to keep abreast of Soviet gold sales - by amounts, dates, countries, etc?
2. What size bars are most readily saleable in international markets? Are the Soviet bars almost always remelted into smaller bars?
3. It is reasonable to assume that Soviet foreign exchange reserves are kept at so low a level (for fear of foreign devaluations, blocked accounts etc.) that any unplanned drain (credits, import surpluses) will necessitate a substantial sale of gold.
4. Are price considerations the primary motivation for shifts of Soviet gold sales from Switzerland to the UK; from transferable sterling to dollars. If not, what are the other considerations.
5. On the question of western credits, a Hungarian official stated that Hungary's commercial debts to the West at the time of the revolt amounted to approximately \$250 million. Could source comment on how Hungary was able to accumulate such a large commercial debt?

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ORR/S/TF [REDACTED] dnl (20 November 1957)